

Tyson 3Q Profit Falls but Beats Expectations



SPRINGDALE, Arkansas (AP) —

Tyson Foods Inc. said Monday that its profit fell 21 percent for its third fiscal quarter as higher grain costs offset rising sales.

Expensive grain has wiped out profit margins for meat companies because weak consumer demand kept them from raising prices. But a slowly improving economy allowed meat producers pass on their higher costs this year.

The largest U.S. meat company said its net income fell to \$196 million, or 51 cents per share, in the three months ended July 2, down from \$248 million, or 65 cents per share, a year earlier.

Revenue rose 11 percent to \$8.25 billion from \$7.44 billion a year ago.

The earnings beat the average forecast from analysts surveyed by FactSet of 40 cents per share on \$8.27 billion in revenue.

Tyson said pork prices rose 9 percent, beef prices rose 13.5 percent and chicken prices rose 10 percent in the most recent quarter alone.

Still, chicken sales remained stagnant, growing less than 1 percent from last year. Pork sales jumped 3 percent, and the higher pork prices boosted profit margins in the swine division to 8.8 percent, compared to 1 percent for chicken.

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CEO Donnie Smith said the company expects the chicken business to be hindered by oversupply through the end of the year, with the chicken division posting a loss during the fourth quarter.

Its shares slipped a penny to \$16.30 in premarket trading.

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